



PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY

2605 Interstate Drive  
Harrisburg, Pennsylvania 17110-9364



February 14, 2002

Rules Docket Clerk  
Office of the General Counsel  
Federal Emergency Management Agency, Room 840  
500 C Street SW  
Washington, D.C. 20472

Re: Comments on the Proposed Rule to Amend 44 CFR Part 206  
Concerning Disaster Assistance; Federal Assistance to Individuals and Households

Dear Sir or Madam:

The Pennsylvania Emergency Management Agency (PEMA) has reviewed the Federal Emergency Management Agency's (FEMA) proposed rule, published in the January 23, 2002 Federal Register. This rule contains implementation instructions for section 206 of the Disaster Mitigation Act of 2000 by consolidating "Temporary Housing Assistance" and "Individual and Family Grants Programs" into a single program called "Federal Assistance to Individuals and Households". PEMA's review of the proposed regulation has produced the following comments.

1. PEMA strongly endorses the rules proposal to allow states the option of administering the *Financial Assistance to Address Other Needs* program as opposed to FEMA's sole management of all grants to individuals (**Federal Register Page 3412**). Furthermore, states should have full access and use of FEMA's disaster victim database and system for administration of this program (**Federal Register Page 3415**). Additionally, FEMA should provide ongoing training to the states for access and use of this database and system.
2. **The rule invites comment from the public on the tension between the need to consolidate and streamline the new activities...and the need to ensure the availability of an active State role (Federal Register page 3412).** In the four disasters Pennsylvania has encountered since 1999, state appointed Individual and Family Grant Program (IFGP) managers identified numerous errors made by FEMA's computer system in auto determining payments for disaster housing repairs. The IFGP managers were able to correct these errors by making payment from the IFGP or they could refer the cases back to the housing manager. The new system takes all repairs out of the *Other Needs* program, thus states may no longer have the ability to catch errors in the system. Victims will have to file a written appeal with FEMA to correct any errors in the computerized system. States should be allowed to file an appeal on behalf of a victim. The proposed rule does not address this matter. In the past, state employees performed a valuable service for victims who do not have the background or reference material to determine if they received the correct amount of assistance from FEMA as intended by Congress. Therefore, the proposed rule should be amended to allow the states to file an appeal on behalf of the victim (**Federal Register page 3423**). Additionally, this section of the overall program is cost shared with FEMA's burden being 75% and the states 25% (**Federal Register page 3420**). Because the state provides 25% of the funding, states should be allowed access to the electronic records of individuals and households receiving assistance in order to provide oversight of their taxpayers' money.

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3. **PEMA does not agree with the \$5,000 cap for household repairs and hazard mitigation items provided for owner-occupied residences as stated in the proposed rule (Federal Register Page 3413).** This proposed \$5,000 cap will be insufficient to meet the needs of victims and will not provide enough funds to return a home to a livable condition considering the current costs for repair, replacement, and construction. The previous version of this authority contained a cap of \$10,000 which if exceeded provided for additional assistance from the Individual and Family Grant Program (IFGP). This \$5,000 cap represents a significant reduction in disaster assistance available to homeowners and it greatly reduces the likelihood of funding being available for hazard mitigation items. The combination of repairs and Hazard Mitigation within this \$5,000 cap seems unreasonable. Additionally, victims who are not eligible for a Small Business Administration loan will not receive repair funds from the new *Other Needs* program. However, victims will be eligible to receive rental assistance for up to 18 months. Victims will not understand why the government is giving them money to rent a home, when the same money might be better spent repairing and mitigating their damaged residence.
4. The rule eliminates payment by the government of the Group Flood Insurance Policy (GFIP) as was previously done in the old IFGP (**Federal Register page 3415**). The proposed rule requires homeowners and renters to purchase and maintain flood insurance if they receive disaster assistance. If a victim fails to do so, then in the aftermath of future flooding they will not be eligible to receive assistance under subsection 408(e) of the Act. PEMA supports FEMA keeping in place the current GFIP process, pursuant to which disaster victims are provided flood insurance coverage for three years at subsidized rates without having to provide their own resources to pay for such coverage. If at the end of this three-year period of government paid flood insurance the victim fails to maintain the coverage, they should not be eligible to receive assistance under subsection 408(e) of the Act. Subsidized flood insurance should be obtained for the victim at reasonable rates and should be obtained in an amount equal to the amount of our "investment" in the grantee. Is the state required to verify the purchase and take appropriate action concerning the current grant if the purchase is not made?
5. The rule proposes that FEMA will auto determine portions of a victim's compensation. This method of determining grants has been unreliable in recent disasters. States should continue to have the option of manually determining grants. Additionally, FEMA should respond to the states requests to fix errors in a victim's case file without requiring the victim to file a written appeal (**Federal Register page 3423**).

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6. In the past victims with flood insurance have been frequently deemed not eligible for assistance. However, a victims flood insurance may have a large deductible or the level of insurance may be insufficient. These victims frequently went without assistance while their flood insurance claim was being processed. In very large disasters, like Hurricane Floyd, victims would not be compensated for months and attempting to sort through this issue victim by victim was frustrating for victims and disaster workers. Victims should be reimbursed for necessary and serious costs not covered by their flood insurance to include the deductible portion. Additionally, a system needs to be developed that interacts with the National Flood Insurance Program (NFIP) that facilitates doing this in a timely manner.

If you have any questions concerning this matter, please contact John J. Forr of my staff at 717-651-2163 or by e-mail at [jforr@state.pa.us](mailto:jforr@state.pa.us).

Sincerely,



David L. Smith  
Director

DLS:es